United Nations DP/2008/27

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.: General
16 April 2008

Original: English

Annual session 2008
16 to 27 June 2008, New York
Item 11 of the provisional agenda
Evaluation

Management response to the evaluation of the role of UNDP in the net contributor countries of the Arab States region

1. Given the unique characteristics of the net contributor counties (NCCs) in the Arab States region, and the specific challenges and opportunities they present, UNDP welcomes this comprehensive evaluation, which is the first of its kind covering a cluster of countries. These include the four Gulf States – Bahrain, Kuwait, Saudi Arabia and the United Arab Emirates – and Libya. All rank high in the Human Development Index and all have made good progress towards achieving the MDGs, with gender equality and environmental sustainability being the two main gap areas. All five countries are also looking to economic diversification as a path to longer term sustainability and are seeking to develop market niches in the process of global integration.

2. The evaluation recognizes the dynamic and rapidly changing context of the NCCs, as well as the considerable leverage they have in the world financial markets. However, the NCCs also face longer-term sustainability challenges and critical capacity gaps in managing all aspects of their economic, social and political transformation. In that regard, **the sustainable human development perspectives of UNDP provide an important developmental framework for the NCCs that is generally well appreciated.**

3. UNDP welcomes the overall conclusion of the evaluation that "there is a strong justification for a continued and strengthened UNDP presence in the NCCs of the Arab Region…" and that "the intrinsic worth of [the] UNDP country presence and value added is more than the sum of the contribution of its activities to the countries' development challenges". This clear finding of the evaluation, and its confirmation by NCC governments, should help assure the Arab NCCs of UNDP commitment and that they are likely to identify good opportunities in the articulation of UNDP corporate strategies and priorities.

4. Fulfilling the UNDP policy requirement of delivering a minimum of $10 million per programming cycle to justify a UNDP country presence has been a challenge for some NCCs. **UNDP notes the evaluation recommendation that it shift from a quantitative to a qualitative target based on independent**

assessment of the UNDP contribution to development results, and, in consultation with the Executive Board, will explore improving the country presence criteria to reflect the shared priorities more accurately. The engagement of NCC country offices in that process is important.

5. In assessing UNDP effectiveness and its contribution to the development challenges of the NCCs, the evaluation provides valuable guidance, which should form a strong basis for further improving UNDP policy and programmatic responses. UNDP welcomes the evaluation recommendation to "redefine [the] UNDP role and strategy in the NCC context and develop a common understanding and set of approaches for technical cooperation", **including for the administration and management of aid to other developing countries.** This would be contingent on careful matching and balancing between national priorities and the UNDP mandate, as well as more proactive role by UNDP in capacity development, brokering of knowledge and South-South cooperation. A stakeholders' meeting, convened in October 2007 to consider the findings of the report, constitutes the first step in that direction and should provide a basis for continuing dialogue and collaborative effort.

6. UNDP is pleased with the evaluation confirmation of strong national ownership of UNDP's technical cooperation with the NCCs. This is logical given government financing of most of the technical cooperation in the Arab NCCs. The evaluation also confirms that UNDP's programme is generally well aligned with national priorities although there is room for improvement. Some of the challenges stem from the 'demand-driven' nature of requests from different government units and which may not be central to national priority or the UNDP mandate. **The existence of a central coordinating government mechanism would greatly facilitate interface and coordination with UNDP for substantive policy dialogue and for ensuring alignment between national priorities and areas where UNDP can bring clear added value**.

7. Given the specific context of the NCCs where the need for technical cooperation is substantially different in nature and orientation from that in other developing countries, **UNDP supports the evaluation conclusion on the need to exercise more flexibility in the NCCs while focusing UNDP interventions in areas of its mandate and comparative advantages**. This applies not only to substantive priority setting but also in subsequent programme implementation, through greater adaptation of UNDP procedures and tools to the NCC context, as well as to the requirements of small country offices. .

8. Given the changing environment of the Arab States NCCs and the presence of a very competitive private sector, **UNDP fully acknowledges the evaluation call for a more proactive engagement by UNDP since 'business as usual' could lead to marginalization. UNDP will act to strengthen its substantive engagement in programmes, and to improve the quality** and speed of its technical advisory services. Similarly, the need for UNDP to develop strong partnerships with the United Nation system, civil society organizations and the private sector is well accepted, although counterpart government agency support would be important.

9. While fully acknowledging the need to significantly strengthen its substantive contribution, **UNDP is pleased to note the evaluation finding that UNDP brought added value in its core areas of competencies – the Millennium Development Goals, poverty, governance and environment. Furthermore,**

UNDP contributed substantially to promoting the United Nations normative agenda, in partnership with civil society organizations and through financing from various UNDP headquarters sources such as trust funds, regional programmes and resident coordinator budget. The report estimates these funding to be quite significant, averaging about 9 per cent of total deliveries in NCCs in 2005 and 2006.

10. Capacity development, central to the UNDP mandate, is one of the most important issues confronting the NCCs. **UNDP acknowledges the need for a more comprehensive approach to capacity development going beyond individual project-level training and building a stronger capacity development component into the country programmes.** Given the commonalities, a subregional capacity development strategy specific to the NCCs, with corresponding training of country office and counterpart government agency staff, could be considered.

11. **UNDP acknowledges its important role as a window to the United Nations system and the need for it to proactively facilitate access to knowledge and expertise of the United Nations in support of national development goals and programmes**. This is particularly important in the context of NCCs where there is very limited United Nations presence. In some countries, such as Bahrain, the Resident Coordinator has tried to engage the non-resident United Nations organizations inviting them to a country consultation. In others, such as the United Arab Emirates, there is a strong United Nations presence in the country, where UNDP provides substantial administrative support despite a small office structure that needs to be strengthened.

12. **UNDP welcomes the evaluation recommendations to "strengthen the United Nations system participation to respond better to the needs of the NCCs", and in particular to implement joint programme models.** UNDP will explore opportunities for joint programming with relevant United Nations agencies, bearing in mind that government is the primary source of funding, and that their buy-in is critical to the success of such an effort. UNDP fully supports the evaluation recommendation to increase resident coordinator budgets.

13. **Given the nascent state of civil society organizations in most NCCs, UNDP recognizes the important role it could play in facilitating government, civil society and private sector partnerships, and in providing capacity building support to the civil society organizations**. UNDP has in the past partnered with and supported non-governmental organizations mainly for the advocacy of specific issues, but also for capacity development and networking, using funding from various UNDP headquarters sources. UNDP will continue to prioritize and strengthen its capacity development support to civil society organizations in the Arab States NCCs.

14. UNDP recognizes that given the presence of a highly competitive private sector in the NCCs, there is scope for building partnerships with private sector in the NCCs. **It is important for UNDP to clearly define its comparative advantages vis-à-vis the private sector and identify complementarities and common ground for partnership and joint action.** This has been done successfully in several countries including Bahrain, Saudi Arabia and the United Arab Emirates. However, competition from the private sector (national and international consulting firms) must be recognized and addressed. A particular constraint in that regard is the low UNDP salary structure, which cannot compete in high-cost NCC markets.

15. UNDP is pleased to note the instrumental role played by UNDP country offices in raising resources that were channeled to developing countries, although these were mostly ad hoc in nature. **The evaluation observation on the need to focus more on provision of services to improve aid administration of these countries rather than limiting activities to fundraising is well accepted**. In that regard, the signature of a memorandum of understanding between UNDP and the Islamic Development Bank is a major breakthrough and could be a model in the region. Dedicated, professional support from UNDP headquarters is essential for the systematic and successful development of partnerships with the public and private sectors in the region.

16. With regard to programming and implementation management, **UNDP fully concurs with the evaluation conclusion that the NCCs have varying institutional mechanisms and processes, which need to be harmonized and which should have the following three elements: (a) a central focal ministry to coordinate line ministries and set priorities for UNDP technical cooperation; (b) a central source of funding to be committed on overall country programme basis; and (c) a direct UNDP interface with line ministries regarding project implementation, once approved**.

17. In addition to the above, and **in the context of national execution, there is a need to harmonize UNDP project management and implementation systems with national systems.** These must be considered within broader context of United Nations-wide efforts to increase the coherence and effectiveness of United Nations operational activities and in line with the 2007 Triennial Comprehensive Policy Review (TCPR) recommendations on the use of national systems. Several of the NCCs are in the process of developing national execution systems and will explore opportunities for developing common harmonized systems. The same applies also in the case of monitoring and evaluation systems to clarify the mutual accountabilities of UNDP and governments, and will monitor and report on substantive results of programmes and projects.

18. **UNDP fully accepts the recommendations to strengthen the capacity of country offices to contribute to the development effectiveness of UNDP programmes and projects in Arab States NCCs**. There are, however, structural constraints associated with very limited and high-cost national labor markets. The problem is compounded by increasing calls by national governments to recruit nationals rather than expatriates in the country, which constitutes a seyere constraint given the low UNDP salary structure and the very small pool of qualified national professionals. In this regard, **UNDP has already taken action to place deputy resident representatives, as an interim measure, in all the NCCs** except Bahrain (where this will be done in the near future) with extrabudgetary funding. The deputy resident representatives are expected to provide on-the-job training to national staff. **In addition, UNDP will undertake intensive training and capacity development of national staff, which could be undertaken on a sub-regional basis, focusing on key substantive issues, management skills and project design**.

19. **UNDP fully acknowledges the need to streamline support services to the Arab NCCs, particularly by coordinating more closely its global, regional and country programmes to maximize knowledge sharing and knowledge development for the NCCs, In order to meet the specific needs of NCCs looking to UNDP for the delivery for high-end consultancy services and skills, UNDP will have dedicated support to the NCCs within the structure of UNDP Regional Service Centre for the Arab States**.

Annex
Key recommendations and management response

Recommendation 1. At the corporate level there needs to be a strong commitment to promote a new relationship between UNDP and the Arab NCCs. The relationship should move away from the traditional development agency-client relationship to one of full and equal partnership at both the strategic/policy and programmatic levels. This partnership will be based on the principles of transparency, openness, mutual accountability and respect. Through consultation and dialogue, it should redefine UNDP's role and strategy in the NCC context and develop a common understanding and set of approaches for technical cooperation.

Management response. The Regional Bureau for the Arab States (RBAS) supports the recommendation. Its effective implementation will, however, depend on a number of factors. including (a) review and realignment of country programmes to ensure optimum congruence between national priorities and the UNDP mandate; (b) existence of national counterpart government agency for sustained policy dialogue and programme prioritization; (c) mobilization of technical support in priority areas from UNDP regional and global programmes and institutions; (d) mobilization of partnerships, including the United Nations, civil society organizations and the private sector. Ongoing consultation and dialogue will be essential for reaching common understanding of partnership and agreement on roles and responsibilities to ensure mutual accountability.

Key actions	Time frame	Responsible units	Tracking*	
			Comments	Status
1.1 Consultation with government and national partners for agreement on specific follow up actions focusing on strategic priorities and adopting a comprehensive approach engaging key partners and stakeholders.	2008	Resident Representative (RR), Resident Coordinator (RC), Deputy RR (DRR),,counterpart government agencies recipient units and other stakeholders		
1.2 Clarify counterpart government agency roles and responsibilities in programming arrangements ensuring designation of a central counterpart coordinating agency where this is lacking.	2008	RR/RC; RBAS; Counterpart government agencies		
1.3 1.3Review country programmes with national counterparts to ensure strategic focus and alignment with national priorities including identification of key initiatives/ programmes for joint action.	2008/2009	RR/RC/DRR. counterpart government agencies, recipient units and other stakeholders		
1.4 Identify key strategic partners for policy advocacy and programme delivery including possible joint programmes for funding by the Government.	2008	RR/RC; United Nations country team (UNCT); counterpart government agencies		

Recommendation 2. UNDP minimum threshold to justify a country office presence needs to be revisited and specific guidelines on the application of existing UNDP policies to NCCs developed.

Management response. UNDP will review the evaluation recommendations in the context of UNDP role in the middle-income countries and NCCs and will develop appropriate criteria for continued UNDP presence in an NCC that will be cognizant of the multiple role of UNDP, not confined to programme delivery alone.

Key actions	Time frame	Responsible units	Tracking	
			Comments	Status
2.1. Sharing and integration of current evaluation findings with the global review team.	March 2008	Evaluation Office, Executive Office, country offices		
2.2. Formulation of NCC country presence criteria and consultation with key stakeholders including regional bureaux, country offices and permanent missions of concerned countries.	2008	Executive Office, Partnerships Bureau, Bureau of Management (BOM), Operations Support Group (OSG), regional bureaux		
2.3. Formal launch of the new NCC guidelines and review at the country level to ensure alignment with the criteria and institute required policies and processes.	2009	Executive Office, Partnerships Bureau,, BOM, OSG, country offices, regional bureaux		
2.4. Consultation with Arab NCC governments and feedback to UNDP headquarters.	2008	RBAS, Partnerships Bureau, OSG, country offices, counterpart government agencies		

Recommendation 3. There is a need for specific guidelines in a number of areas that emanate from the demand driven nature of NCC programmes. The evaluation identified a number of gaps in UNDP's policies and its guidelines for NCC which require special interpretations.

Management response. The cluster of issues identified by the Evaluation include: (a) flexibility in going beyond UNDP's practice areas; (b) application of United Nations reform in the NCCs; and (c) accountability for monitoring and evaluation. In addition, there is also need to clarify the national execution policy guidelines in NCC context. In the meantime, Country offices will undertake action on the basis of current guidelines, including setting up monitoring and evaluation systems for systematic monitoring and evaluation of programme results.

Key actions	Time frame	Responsible units	Tracking	
			Comments	Status
3.1 Review of evaluation findings by review team.	2008/2009	Executive Office, country offices, regional bureaux		
3.2 Identify and resolve key policy and procedural issues relating to NCCs, and issue new guidelines to country offices.	2009	Executive Office, BOM, Partnerships bureau, OSG, RBX, country offices,		
3.3 Institute monitoring and evaluation systems in country offices and counterpart government agencies, and train national staff and counterpart government agencies in their application.	2008/2009	RBAS, country offices, counterpart government agencies		

Recommendation 4. Strengthen the overall relationship/interaction between the central services and regional bureau at UNDP headquarters with country offices in the Arab NCCs to align them more closely to evolving UNDP strategy and policies, and to respond more forcefully to the special conditions that they face.

Management response. Building on the stakeholder meeting held in October 2007, RBAS will convene bi-annual meetings between RBAS and country offices in NCCs, with government participation in the meeting, on at least an annual basis. Upon confirmation of government concurrence, RBAS will also set up a subregional committee for the NCCs to redefine its role and partnership with the NCCs.

	Time frame	Responsible units	Tracking	
			Comments	Status
4.1 Convene well-structured, well-organized bi-annual meeting with NCC country offices to go over major issues and challenges and identify common approaches and solutions.	2008	RBAS, country offices, counterpart government agencies		
4.2 Based on thorough consultation with key stakeholders, establish a sub-regional committee with a clear mandate for redefining UNDP strategies and role in the NCCs.	2008-2009	RBAS, country offices, counterpart government agencies, Partnerships Bureau		
4.3. Convene well-organized, well-prepared annual meeting with NCC country offices and counterpart government agencies, with a view to addressing and deciding on key issues.	2008	RBAS, country offices, counterpart government agencies, Partnerships Bureau		

Recommendation 5. Explore and develop partnerships with public and private aid agencies in Arab NCCs.

Management response. While there are opportunities for developing partnership with various aid agencies in the Arab NCCs, their actual realization will require sustained, systematic effort and engagement by relevant headquarters units, as well as provision of additional capacity to support these country offices in a professional manner.

Key actions	Time frame	Responsible units	Tracking*	
			Comments	Status
5.1. Development of partnership strategy for the Arab States NCCs involving key national and regional institutions, country offices and counterpart government agencies.	2008/2009	Partnerships Bureau, RBAS, country offices		
5.2 Assignment of dedicated and professional support for the Arab States NCCs for the development of regional strategy and for dedicated support to country offices.	2008/2009	Partnerships Bureau, RBAS, country offices		
5.3 Clarification on roles and responsibilities for partnership development and resource mobilization in the Arab States NCCs.	2008	Partnerships Bureau, RBAS, country offices		

Recommendation 6. Strengthen United Nations system participation to respond better to the needs of the more flexible approach being advocated for NCCs.

Management response. RBAS appreciates the role of UNDP as window to United Nations system knowledge and expertise, and supports the recommendations for developing strong United Nations system partnership including with non-resident United Nations organizations.

Key actions	Time frame	Responsible units	Tracking	
			Comments	Status
6.1 Proactively engage with resident and non-resident organizations on strategic national priority issues and explore opportunities for joint advocacy/joint programmes.	2008/2009	RR/RCs		
6.2 Indentify and provide best practices on joint programmes in other NCCs including those involving single budget for possible adaptation and replication.	2008-2009	RBAS, United Nations Development Group, Regional Directors Team		
6.3. In consultation with the government and to respond to national priorities, develop and implement joint advocacy and programme initiatives.	2008/2009	Country offices, UNCTs, counterpart government agencies, Regional Service Centre, Subregional Resource Facility (SURF)		

Recommendation 7. Improve the system of country programme design and management in line with the new principles of partnership between UNDP and the Arab Region NCCs defined above.

Management response. UNDP fully supports the evaluation recommendation to strengthen the engagement of central ministries in programming processes, including planning, design and monitoring. As indicated in the report, this would require: (a) a central focal ministry that would coordinate line ministries and set priorities for UNDP technical cooperation; (b) a central source of funding to be committed on an overall country programme basis; and (c) direct UNDP interface with line ministries on project implementation, once approved.

Key actions	Time frame	Responsible units	Tracking*	
			Comments	Status
7.1. Review and clarify the roles and responsibilities of central coordinating government agency, ensuring the designation of one where lacking.	2008/2009	Country offices, national government agency		
7.2. Review and negotiate with the government its programme contribution to be made on a programme basis through a central coordinating agency rather than through financing of individual projects by individual units on an ad-hoc basis.	2008/2009	Country offices, RBAS, national government agency		
7.3. Review and adapt UNDP's guidelines for project implementation and execution to harmonize more with the national systems ensuring stronger accountability and greater efficiency.	2008/2009	BOM, Bureau for Development Policy, country offices, RBAS, OSG, UNDG		

Recommendation 8. Strengthen the capacity of the country offices to increase UNDP contribution to the development effectiveness of its activities in Arab Region NCCs and implement the new partnership envisaged above.				
Key actions	**Time frame**	**Responsible units**	**Tracking**	
			Comments	**Status**
8.1. Develop and implement programme policies and operations training for UNDP country office and counterpart government agency staff in the NCCs.	2008/2009	RBAS, Learning Resource Centre, country offices, counterpart government agencies		
8.2 Institutionalize results-based management system, providing training to build country office capacity in systematic monitoring, evaluation and reporting on results.	2008-2009	RBAS, country offices, counterpart government agencies		
8.3. Set up a team within the Regional Service Centre for substantive and dedicated support to the NCCs.	2008/2009	RBAS, SURF		
8.4 Review and enhance country office human resource capacities including assigning DRRs with predictable funding.	2008	RBAS, BOM, country offices		